

# Memorandum



**TO:** Distribution List

**FROM:** Bryan Tippie, Budget Director

**DATE:** September 30, 2003

**Re:** Minutes of the September 25, 2003 Finance Committee Meeting

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Committee Members present: Mr. Ray Graham and Ms Sharon McCamy

The Finance Committee met on September 25, 2003, at 4:00 p.m. in the 4th Floor Conference Room of the Court and Office Building. This document reflects the official minutes of that meeting.

**County Treasurer's Report:** The Treasurer's Report was included in the agenda packet for the Finance Committee's consideration.

**County Attorney's Report:** The County Attorney's Report was included in the agenda packet for the Finance Committee's consideration.

## **Consent Agenda**

### **Supplemental Appropriations:**

The following supplemental appropriations were approved for forwarding to the Board of Supervisors for their consideration unless otherwise noted.

### **FY 2004**

#### **1. Sheriff's Office - \$10,590**

- a. \$1,640 in Share of Forfeiture Proceeds – DEA Group 33 from Federal funds was approved for appropriation for drug enforcement purposes.
- b. \$8,950 in insurance recovery for a wrecked vehicle was approved for appropriation to offset a replacement vehicle.

#### **2. VPI Extension Office - \$28,829**

\$28,829 in Fund Balance – Carryover was approved to appropriate the remaining FY 2003 West Nile Virus Education Program funds to FY 2004.

#### **3. School Division - \$397,823**

- a. \$50,000 from State funds for the Counseling Academic Parenting Services (CAPS) Grant was approved for appropriation for the alternative education program.
- b. \$3,917 from Federal Sliver Grant was approved for appropriation for Special Education use.
- c. An insurance reimbursement for damaged fencing at Liberty High School in the amount of \$11,915 was approved for appropriation to repair or replace the fence.

- d. Appropriation from a Fauquier Technology Alliance's donation of \$3,500 was approved for purchase of an automated teacher substitute program for the schools.
  - e. \$317,901 was approved for appropriation to a newly established Textbook Fund from textbook funding originally adopted in the FY 2004 Capital Fund budget.
- 4. Social Services - \$1,879**
- State Funds of \$1,879 from the Quality Initiative Grant not expended in FY 2003, were approved for appropriation to return the money to the state.
- 5. Human Resources and Budget Office - \$14,448**
- \$14,448 (\$11,424 for the Human Resources Department and \$3,024 for the Budget Office) was approved for appropriation from Fund Balance – Carryover for Gain Sharing initiatives.

**Transfers:**

- 1. Adult Court Services**
- \$2,250 transfer from the Contingency Reserve was approved to accommodate a new lease agreement for the Adult Court Services offices.
- 2. School Division**
- \$5,057.54 was approved for transfer from completed School Capital Fund projects to current active School Capital accounts.

**Regular Agenda**

**Supplemental Appropriations:**

**FY 2003**

- 1. School Division - \$763,864.73**
- a. \$763,864.73 from the Capital Fund and School Division operating budget was approved for appropriation to the newly established School Textbook Fund. This appropriation will be accompanied by a transfer of all FY 2003 textbook expenditures to the Textbook Fund. This action is the result of the Board of Supervisors approval of a Textbook Fund.

**FY 2004**

- b. \$126,241.25 from Textbook Fund was approved for appropriation to the Textbook Fund. This amount represents the net textbook appropriation from FY 2003 (see 1.a. above) which will be reappropriated in FY 2004.
- 3. Community Development - \$117,904**
- \$117,904 was approved for appropriation to convert two part time temporary positions to full time permanent positions (Engineer and Office Assistant II) and add a new full time permanent Office Manager position. These positions will be funded from Community Development fees.

**4. Circuit Court - \$22,163**

\$22,163 was approved for appropriation for an Accounting Clerk position funded from Circuit Court fees.

**5. Information Technology - \$30,000**

\$30,000 from the Contingency Reserve was approved for appropriation to purchase application enhancements to the Bright Finance System.

**Transfers:**

**1. Public Health**

\$10,641 transfer from the Contingency Reserve was approved to match State funds for the local public health office.

**2. School Division**

Transfer of \$162,931 from School Division reserve funding for Auburn Middle School was approved for the purchase of three buses. These are part of the ten needed to replace those removed from the fleet due to structural defects.

**Finance:**

Health Insurance – William Skinker, Finance Department, provided the monthly health insurance report. He reported that for August, expenditures compared with the same time last year, was up 1.07%. Currently the health plan maintains a \$4 million dollar cash balance.

**Budget Office:**

Bryan Tippie, Budget Director, briefed the following issues:

Revenue Report – Based on the latest revenue analysis, a \$1.2 million increase over the adopted amount is projected from Real Estate and Personal Property for FY 2004.

School Board Meeting on 9-24-03 - At the meeting, the School Board discussed various aspects of building a new high school. Included was the type of facility to construct, funding and the project timing of the project. As of this meeting, the School Board had not determined what type of facilities to build. The Board did agree on requesting \$43.7 million which school staff stated would support any of the facility options being considered. Several follow up meetings would be required with additional public hearings before a final concept would be proposed to the Board of Supervisors.

As part of the \$43.7 project, the School Division is pursuing options from which it would generate \$5.5 million in cash. They also intend to encourage the County to match this amount. This initiative is intended to generate \$11 million in cash during the next two years to reduce the long term debt / tax impact on Fauquier County citizens.

To achieve its \$5.5 million goal, the School Board, during FY 2004, will request the half of its FY 2003 year end balance currently going into the School Construction Reserve, be appropriated to the high school project. The School

Division would retain the bulk of the other half of the year end balance for unbudgeted school operational priorities. The Schools will also seek 60% of any new applicable FY 2004 County revenue identified since adoption of the annual budget be appropriated for the high school. Further, the School Board indicated that it would request transfer of the existing School Construction Reserve funding (\$824,341) to the high school project. Through the use of similar methods in FY 2005, the School Division expects to meet the \$5.5 million goal within the next two years.

Based on the Board of Supervisors' resolution requiring a referendum for any construction project over \$10 million, the School Board will seek clarification on how to proceed. The two options the School Board considered were:

- a. Begin the design work in the current year with cash funding. Assuming approval of the referendum, the school would open for School Year 2008. (The School's recommended option)
- b. Do not begin work on the project until the referendum was approved. Assuming approval of a referendum in the new school would open for School Year 2009.

Two School Board members and several School Division staff were at the Finance Committee meeting and a lengthy discussion on the high school project ensued.

Key Finance Committee Members comments:

Ms McCamy expressed concerns regarding the spending of a large amount of money for a school design prior to the required referendum being considered by the voters.

Mr. Graham indicated he could be supportive of spending an amount of cash, if necessary, in preparation for a referendum. He did stress the importance to the School Division of having a contingency plan if the referendum failed.

Finally, the Finance Committee directed that a Board of Supervisors work session be scheduled to discuss the Construction Referendum resolution. The primary issue will be concerning expending funds on a project prior to it being considered by the citizens in a referendum. This work session is scheduled for October 20, 2003. (See the Board of Supervisors 10-20-03 agenda for the time.)

**The next Finance Committee Meeting will be  
October 15, 2003 at 4:00 p.m.**